

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Wright Township	County Ottawa
Audit Date 3/31/05	Opinion Date 6/21/05	Date Accountant Report Submitted to State: 10/11/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Hungerford, Aldrin, Nichols & Carter, PC			
Street Address 2910 Lucerne Drive SE		City Grand Rapids	State MI
		ZIP 49546	
Accountant Signature <i>Hungerford, Aldrin, Nichols & Carter, P.C.</i>		Date 10/11/05	

WRIGHT TOWNSHIP
Ottawa County, Michigan

Comprehensive Annual Financial Report

For the year ended March 31, 2005

WRIGHT TOWNSHIP
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For the year ended March 31, 2005

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

June 21, 2005

The Township Board
Wright Township
Ottawa County, Michigan

We have audited the accompanying financial statements of the governmental and business-type activities, the major funds and the aggregate remaining fund information of Wright Township (the "Township") as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental and business-type activities, the major funds and the aggregate remaining fund information of Wright Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Township has implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2004.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Wright Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Alden, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

As management of the Wright Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

Financial Highlights

- The Township's net assets decreased by \$154,089 (or 9 percent).
- Total expenses of the Township's programs were \$1,167,104.
- Total revenues, including all program and general revenues, were \$1,013,015.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$917,272, a decrease of \$16,046 from the prior year.
- At the end of the current year, the unreserved/undesignated fund balance for the General Fund was \$826,058, or 92 percent of total General Fund expenditures.
- The Township's Sewer Enterprise Fund had \$164,960 in net assets at year-end.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected property taxes and earned but uncollected sewer usage fees and special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, roads and parks. The business-type activity of the Township is the Sewer Enterprise Fund.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund and Special Assessment Debt Service Fund, each of which are considered to be major funds. Data from the other two governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 14-19 of this report.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds are used to report the same functions presented a business-type activities in the government-wide financial statements. The Township maintains the Sewer Enterprise Fund to account for its sanitary sewer usage operation and maintenance. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Township's own programs. The accounting used for fiduciary funds is like that used for proprietary funds.

Notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 24-35 of this report.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Government –Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Wright Township, assets exceeded liabilities by \$1,543,207 at the close of the fiscal year.

A substantial portion of the Township's net assets, \$425,556 (28 percent), reflects its investment in capital assets (e.g. land, land improvements, buildings, sewer system,), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Statement of Net Assets provides financial information on the Township as a whole as of March 31, 2005.

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets	\$ 966,790	\$ 154,960	\$ 1,121,750
Capital assets	951,556	10,000	961,556
Total Assets	1,918,346	164,960	2,083,306
Liabilities			
Current liabilities	46,699	—	46,699
Long-term liabilities	493,000	—	493,000
Total Liabilities	540,099	—	540,099
Net Assets			
Invested in capital assets, net of related debt	425,556	—	425,556
Restricted	114,971	—	114,971
Unrestricted	837,720	164,960	1,002,680
Total Net Assets	\$ 1,378,247	\$ 164,960	\$ 1,543,207

An additional portion of the Township's net assets, \$114,971 (7.5 percent) represents resources that are subject to external restrictions on how they may be used. The Township may use the remaining balance of unrestricted net assets of \$1,002,680 (65 percent) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, and for its separate governmental and business-type activities.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

The Statement of Activities presents changes in net assets from operating results for the year ended March 31, 2005:

	Governmental Activities	Business-type Activities	Total
Program Revenues			
Charges for services	\$ 32,732	\$ —	\$ 32,732
General Revenues			
Property taxes	497,853	—	497,853
State/intergovernmental revenue	252,100	—	252,100
Interest earnings	20,993	1,542	22,535
Other	5,339	217,958	223,297
Loss on sale of capital assets	—	(15,502)	(15,502)
Total Revenues	<u>809,017</u>	<u>203,998</u>	<u>1,013,015</u>
Expenses			
General government	147,231	—	147,231
Public safety	147,491	—	147,491
Public works	603,594	—	603,594
Recreational and cultural	3,165	—	3,165
Other township	21,446	—	21,446
Interest on long-term debt	18,770	—	18,770
Sewer operations	—	225,407	225,407
Total Expenses	<u>941,697</u>	<u>225,407</u>	<u>1,167,104</u>
Increase (decrease) in net assets	(132,680)	(21,409)	(154,089)
Net Assets - Beginning of Year	<u>1,510,927</u>	<u>186,369</u>	<u>1,697,296</u>
Net Assets - End of Year	<u>\$ 1,378,247</u>	<u>\$ 164,960</u>	<u>\$ 1,543,207</u>

Governmental activities decreased the Township's net assets by \$132,680, accounting for 86 percent of the net reduction. Key elements of this change are as follows:

- Property taxes increased by \$38,400 (8.4 percent). This increase is a product of new construction in the Township and increased valuations on existing properties.
- Governmental funds' expenditures for 2004-05 increased by \$180,043 (26.4 percent) compared to 2003-04 amounts due to new road and drain improvement projects.

Business-type activities decreased the Township's net assets by \$21,409 (11 percent) due to the ongoing process of transferring the sewer operation and maintenance system to the City of Grand Rapids.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$917,272, a decrease of \$16,046 in comparison with the prior year. 90 percent of this total amount constitutes unreserved fund balance, which is available for spending at the Township's discretion.

Wright Township's funds are described as follows:

Major Funds

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$803,604, total expenditures of \$895,782, note proceeds of \$76,000, and transfers to other funds of \$27,480. It ended the year with a fund balance of \$826,058, down from \$869,589 at March 31, 2004.

The *Special Assessment Debt Service Fund* levies special assessments for debt service purposes. The Fund had total revenues of \$42,041 and total expenditures of \$15,170. It ended the year with a fund balance of \$79,552, up from \$52,681 at March 31, 2004.

Nonmajor Funds

The *General Obligation Debt Service Fund* collects General Fund contributions for debt service purposes. Transfers from the General Fund were \$27,480 and expenditures totaled \$27,480. The fund balance is maintained at zero.

The *Cemetery Perpetual Care Fund* collects cemetery fees to be used for cemetery upkeep. Total revenues were \$741 and expenditures were \$127. It ended the year with a fund balance of \$11,662, up from \$11,048 at March 31, 2004.

Proprietary fund. The Township's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The Sewer Enterprise Fund had total revenues of \$203,998, total expenses of \$225,407, and a decrease in net assets of \$21,409 from March 31, 2004. Other factors concerning the finances of this fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

Over the course of the year, the Township revised the annual operating budget two times to comply with Michigan Department of Treasury guidelines. The budget amendments were made to reflect changes in revenues and expenditures as they occurred during the year, including reduced state shared revenues as the State of Michigan lowered its revenue sharing formula to local governmental units.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Capital Asset and Debt Administration

Capital Assets

At March 31, 2005, the Township had a \$1,119,536 investment in a broad range of capital assets, including land, land improvements and buildings and improvements. (More detailed information about capital assets can be found in the notes to basic financial statements.)

Capital asset purchases totaled zero for the fiscal year with accumulated depreciation increasing \$27,145. The net book value of capital assets at March 31, 2005 is detailed as follows:

	Governmental Activities	Business-type Activities	Total
Land	\$ 7,275	\$ 10,000	\$ 17,275
Land improvements	868,443	—	868,443
Buildings and improvements	75,838	—	75,838
Net Capital Assets	\$ 951,556	\$ 10,000	\$ 961,556

Long-Term Debt

At year end, the Township had \$76,000 in drain improvement notes and \$450,000 in bonds outstanding (general obligation and special assessment improvement). Prior year debt balances were reduced by payments of \$25,000 during the current year. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General Fund budget for 2005-06 anticipates a reduction in year end fund balance of \$4,450. This estimate reflects property tax growth within the Township, continuing reductions in state shared revenues and a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.

Contacting the Township's Financial Management

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Way, Township Clerk, Wright Township, 1565 Jackson Street, PO Box 255, Marne, MI, 49435.

BASIC FINANCIAL STATEMENTS

WRIGHT TOWNSHIP
Statement of Net Assets
March 31, 2005

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Deposits (Note B)	728,527	164,960	893,487
Investments (Note B)	112,169	-	112,169
Receivables:			
Taxes (Note C)	31,810	-	31,810
Accounts	72	-	72
Special assessments	47,614	-	47,614
Due from other governmental units	36,598	-	36,598
Internal balances	10,000	(10,000)	-
Total Current Assets	<u>966,790</u>	<u>154,960</u>	<u>1,121,750</u>
Noncurrent Assets			
Capital assets (Note E)	1,109,536	10,000	1,119,536
Less accumulated depreciation	(157,980)	-	(157,980)
Total Noncurrent Assets	<u>951,556</u>	<u>10,000</u>	<u>961,556</u>
Total Assets	<u>1,918,346</u>	<u>164,960</u>	<u>2,083,306</u>
Liabilities			
Current Liabilities			
Accounts payable	1,904	-	1,904
Accrued interest payable	12,195	-	12,195
Current portion of noncurrent liabilities (Note F)	32,600	-	32,600
Total Current Liabilities	<u>46,699</u>	<u>-</u>	<u>46,699</u>
Noncurrent Liabilities (Notes A, F)			
Drain improvement note payable	68,400	-	68,400
General obligation bonds payable	330,000	-	330,000
Special assessment bonds payable	95,000	-	95,000
Total Noncurrent Liabilities	<u>493,400</u>	<u>-</u>	<u>493,400</u>
Total Liabilities	<u>540,099</u>	<u>-</u>	<u>540,099</u>
Net Assets			
Invested in capital assets, net of related debt	425,556	-	425,556
Restricted for:			
Debt service	114,971	-	114,971
Unrestricted	837,720	164,960	1,002,680
Total Net Assets	<u>\$ 1,378,247</u>	<u>\$ 164,960</u>	<u>\$ 1,543,207</u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Activities
For the year ended March 31, 2005

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Governmental Activities	Business-Type Activities	Total
Governmental activities:					
General government	\$ 147,231	\$ 7,894	\$ (139,337)	\$ -	\$(139,337)
Public safety	147,491	24,838	(122,653)	-	(122,653)
Public works	679,594	-	(679,594)	-	(679,594)
Recreational and cultural	3,165	-	(3,165)	-	(3,165)
Other township	21,446	-	(21,446)	-	(21,446)
Interest on long-term debt	18,770	-	(18,770)	-	(18,770)
Total Governmental Activities	<u>\$ 1,017,697</u>	<u>\$ 32,732</u>	<u>(984,965)</u>	<u>-</u>	<u>(984,965)</u>
Business-type activities:					
Sewer enterprise fund	<u>\$ 225,407</u>	<u>\$ 217,958</u>	<u>-</u>	<u>(7,449)</u>	<u>(7,449)</u>
General revenues:					
Property taxes levied for:					
General operations			445,260	-	445,260
Fire			52,593	-	52,593
State revenue sharing			252,100	-	252,100
Interest earnings			20,993	1,542	22,535
Other			5,339	-	5,339
Loss on disposal of capital assets			-	(15,502)	(15,502)
Total General Revenues			<u>776,285</u>	<u>(13,960)</u>	<u>762,325</u>
Change in Net Assets			<u>(208,680)</u>	<u>(21,409)</u>	<u>(230,089)</u>
Net Assets - Beginning of Year			<u>1,510,927</u>	<u>186,369</u>	<u>1,697,296</u>
Net Assets - End of Year			<u>\$ 1,302,247</u>	<u>\$ 164,960</u>	<u>\$1,467,207</u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Balance Sheet
Governmental Funds
March 31, 2005

	General	Debt Service Special Assessment	Other Governmental	Total
Assets				
Deposits (Note B)	\$ 689,287	\$ 27,578	\$ 11,662	\$ 728,527
Investments (Note B)	112,169	-	-	112,169
Receivables:				
Taxes (Note C)	31,810	-	-	31,810
Accounts	7	-	-	7
Special assessments	-	47,614	-	47,614
Due from other funds (Note D)	10,065	51,974	-	62,039
Due from other governmental units	36,598	-	-	36,598
Total Assets	<u>\$ 879,936</u>	<u>\$ 127,166</u>	<u>\$ 11,662</u>	<u>\$ 1,018,764</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,904	\$ -	\$ -	\$ 1,904
Due to other funds (Note D)	51,974	-	-	51,974
Deferred revenue	-	47,614	-	47,614
Total Liabilities	<u>53,878</u>	<u>47,614</u>	<u>-</u>	<u>101,492</u>
Fund Balances				
Reserved for debt service	-	79,552	-	79,552
Unreserved:				
Undesignated, reported in:				
General fund	826,058	-	-	826,058
Permanent fund	-	-	11,662	11,662
Total Fund Balances	<u>826,058</u>	<u>79,552</u>	<u>11,662</u>	<u>917,272</u>
Total Liabilities and Fund Balances	<u>\$ 879,936</u>	<u>\$ 127,166</u>	<u>\$ 11,662</u>	<u>\$ 1,018,764</u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
March 31, 2005

Total governmental fund balances			\$	917,272
Amounts reported for governmental activities in the Statement of Net Assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$1,109,536 and accumulated depreciation is \$157,980.				951,556
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:				
Special assessments receivable				47,614
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:				
Drain note	(76,000)			
General obligation bonds	(345,000)			
Special assessment bonds	(105,000)			
				<u>(526,000)</u>
Accrued interest is not included as a liability in governmental funds				<u>(12,195)</u>
Total net assets - governmental activities			\$	<u><u>1,378,247</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended March 31, 2005

	General	Debt Service Special Assessment	Other Governmental	Total
Revenues				
Taxes	\$ 497,853	\$ -	\$ -	\$ 497,853
Licenses and permits	22,386	-	-	22,386
State sources	252,100	-	-	252,100
Charges for services	7,294	-	600	7,894
Fines and forfeitures	2,452	-	-	2,452
Interest and rentals	16,180	4,672	141	20,993
Other revenue	5,339	37,369	-	42,708
Total Revenues	803,604	42,041	741	846,386
Expenditures				
Current:				
General government	146,096	-	-	146,096
Public safety	144,315	-	-	144,315
Public works	580,760	-	-	580,760
Recreational and cultural	3,165	-	-	3,165
Other township	21,446	-	-	21,446
Debt service:				
Principal repayment	-	10,000	15,000	25,000
Interest and fiscal charges	-	5,170	12,480	17,650
Total Expenditures	895,782	15,170	27,480	938,432
Excess (Deficiency) of Revenues Over Expenditures	(92,178)	26,871	(26,739)	(92,046)
Other Financing Sources (Uses)				
Note proceeds	76,000	-	-	76,000
Transfers in	127	-	27,480	27,607
Transfers out	(27,480)	-	(127)	(27,607)
Total Other Financing Sources (Uses)	48,647	-	27,353	76,000
Net Change in Fund Balances	(43,531)	26,871	614	(16,046)
Fund Balances, April 1	869,589	52,681	11,048	933,318
Fund Balances, March 31	\$ 826,058	\$ 79,552	\$ 11,662	\$ 917,272

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended March 31, 2005

Net change in fund balances - total governmental funds \$ (16,046)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$ -	
Depreciation expense	<u>(27,145)</u>	(27,145)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Special assessments	(37,369)
---------------------	----------

Proceeds from the sale of bonds or notes are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets

(76,000)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of general obligation bonds	15,000	
Repayment of special assessment bonds	<u>10,000</u>	25,000

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid.

(1,120)

Total changes in net assets - governmental activities

\$ (132,680)

WRIGHT TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2005

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 502,860	\$ 502,860	\$ 497,853	\$ (5,007)
Licenses and permits	13,410	13,410	22,386	8,976
State sources	226,800	226,800	252,100	25,300
Charges for services	6,890	6,890	7,294	404
Fines and forfeitures	50	50	2,452	2,402
Interest and rentals	2,000	2,000	16,180	14,180
Other revenue	1,260	1,260	5,339	4,079
Total Revenues	<u>753,270</u>	<u>753,270</u>	<u>803,604</u>	<u>50,334</u>
Expenditures				
Current:				
General government:				
Township board	6,000	6,000	2,196	3,804
Supervisor	19,000	19,000	17,518	1,482
Elections	7,000	11,000	4,941	6,059
Assessor	16,000	19,059	19,059	-
Legal and audit	31,000	35,000	24,365	10,635
Clerk	18,000	20,000	18,061	1,939
Board of review	1,200	1,200	610	590
General administration	25,000	20,581	17,530	3,051
Treasurer	20,000	23,316	19,721	3,595
Buildings and grounds	20,000	20,000	17,120	2,880
Cemetery	15,000	10,000	4,975	5,025
Total general government	<u>178,200</u>	<u>185,156</u>	<u>146,096</u>	<u>39,060</u>
Public safety:				
Fire department	125,000	117,099	117,099	-
Inspections	15,500	19,945	19,945	-
Planning and zoning	15,500	10,500	7,271	3,229
Total public safety	<u>156,000</u>	<u>147,544</u>	<u>144,315</u>	<u>3,229</u>
Public works:				
Drains	27,100	110,000	181,409	(71,409)
Highways, streets and bridges	411,538	444,500	391,516	52,984
Street lighting	7,400	7,400	5,434	1,966
Water and sewer	3,000	3,000	2,401	599
Total public works	<u>449,038</u>	<u>564,900</u>	<u>580,760</u>	<u>(15,860)</u>
Recreational and cultural:				
Library	-	1	3,165	(3,164)
Other township	<u>29,700</u>	<u>25,000</u>	<u>21,446</u>	<u>3,554</u>
Total Expenditures	<u>812,938</u>	<u>922,601</u>	<u>895,782</u>	<u>26,819</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(59,668)</u>	<u>(169,331)</u>	<u>(92,178)</u>	<u>77,153</u>

(Continued)

WRIGHT TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2005

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Note proceeds	-	-	76,000	76,000
Transfers in	-	-	127	127
Transfers out	(28,000)	(28,000)	(27,480)	520
Total Other Financing Sources (Uses)	(28,000)	(28,000)	48,647	76,647
Net Change in Fund Balances	(87,668)	(197,331)	(43,531)	153,800
Fund Balances, April 1	869,589	869,589	869,589	-
Fund Balances, March 31	<u>\$ 781,921</u>	<u>\$ 672,258</u>	<u>\$ 826,058</u>	<u>\$ 153,800</u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Net Assets
Proprietary Fund
March 31, 2005

	<u>Sewer Enterprise</u>
Assets	
Current Assets	
Deposits (Note B)	\$ 164,960
Noncurrent Assets	
Capital assets (Note E)	<u>10,000</u>
Total Assets	<u>174,960</u>
Liabilities	
Current Liabilities	
Due to other funds (Note D)	<u>10,000</u>
Net Assets	
Unrestricted	<u>164,960</u>
Total Net Assets	<u><u>\$ 164,960</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Proprietary Fund
For the year ended March 31, 2005

	Sewer Enterprise
Operating Revenues	<u>\$ -</u>
Operating Expenses	
Sewer:	
Office supplies	46
Utilities	<u>70</u>
Total Operating Expenses	<u>116</u>
Operating Loss	<u>(116)</u>
Nonoperating Revenues (Expenses)	
Interest earnings	1,542
Reimbursement of expenses	217,958
Engineering fees	(41,456)
System repair and maintenance	(183,835)
Loss on disposal of capital assets	<u>(15,502)</u>
Net Nonoperating Revenues (Expenses)	<u>(21,293)</u>
Net Loss	(21,409)
Net Assets, April 1	<u>186,369</u>
Net Assets, March 31	<u><u>\$ 164,960</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Cash Flows
Proprietary Fund Type
For the year ended March 31, 2005

	Sewer Enterprise
Cash Flows From Operating Activities	
Receipts from customers	\$ 7,636
Payments to suppliers	(116)
Net Cash Provided By Operating Activities	<u>7,520</u>
Cash Flows From Capital and Related Financing Activities	
Reimbursement of expenses	230,842
Engineering fees	(53,707)
System repair and maintenance	(183,835)
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(6,700)</u>
Cash Flows From Investing Activities	
Interest received	<u>1,542</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(2,362)
Cash and Cash Equivalents, beginning of year	<u>162,598</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 164,960</u></u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities	
Operating loss	<u>\$ (116)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	-
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	63,142
(Increase) decrease in due from property tax roll	2,689
Increase (decrease) in accounts payable	(12,251)
Increase (decrease) in due to other governmental units	(45,944)
Total adjustments	<u>7,636</u>
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ 7,520</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Fiduciary Funds
Statement of Fiduciary Net Assets
March 31, 2005

	Agency Funds
	<hr/>
Assets	
Deposits (Note B)	<u>\$ 5,819</u>
Liabilities	
Due to other funds (Note D)	\$ 65
Due to other governmental units	102
Escrow/customer deposits	<u>5,652</u>
Total Liabilities	<u>\$ 5,819</u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Note A – Summary of Significant Accounting Policies

Wright Township was organized as a general law township under applicable laws of the State of Michigan and is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and two Trustees, each of whom is elected for a four year term of office. The Township provides, or contributes to the providing of, the following services to its residents as provided by statute: public safety (police, fire and inspections), highways and streets, parks and recreation, cultural, public improvements, planning and zoning, general administrative, sewer disposal and other services.

The financial statements of Wright Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In the fiscal year ended March 31, 2005, the Township adopted GASB Statement No. 34, “*Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments.*” GASB Statement No. 34 requires new basic financial statements for reporting on the Township’s financial activities. The effect of this change was to include a management’s discussion and analysis (MD&A) section providing an analysis of the Township’s overall financial position and results of operation; include government-wide financial statements prepared on the full accrual basis of accounting; and include fund financial statements which present information with a focus on major funds, rather than on fund type.

The more significant of the Township’s accounting policies are described below.

1. The Reporting Entity

The accompanying financial statements present the Township of Wright. The Township has no component units, i.e., entities for which the Township is considered to be financially accountable.

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Fund Financial Statements – The fund financial statements provide information about the Township’s funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental funds:

The *General Fund* is the Township’s primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *2003 Special Assessment Debt Service Fund* accounts for special assessments levied to pay back the bonds of the Township.

The Township reports the following enterprise fund:

The *Sewer Enterprise Fund* accounts for the operation of the Township’s sanitary sewer system.

Additionally, the Township reports the following funds:

The *2003 General Obligation Debt Service Fund* accounts for amounts used to pay back the bonds of the Township.

The *Cemetery Trust Permanent Fund* accounts for fees collected to be used for cemetery improvements.

The *Trust Account Agency Fund* accounts for the collection of bonds and deposits and the payment to the governmental units or other persons entitled to receive these funds.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with current period are all considered to susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund is subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in March, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General Fund.
- Prior to April 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

- The original General Fund budget was amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budget as amended by the Township.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.

5. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

6. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, and sewer system, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, sewer system, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	25-40 years

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

11. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- In commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
- In United States government or federal obligation repurchase agreements.
- In bankers' acceptances of United States banks.
- In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- In surplus funds investment pools.

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Comerica Bank
2. Fifth Third Bank
3. Bank One
4. Huntington National Bank

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Balances at March 31, 2005 related to cash equivalents, deposits and investments are detailed on the combined balance sheet as follows:

Deposits	\$ 899,306
Investments	<u>112,169</u>
	<u><u>\$ 1,011,475</u></u>

Cash equivalents consist of bank non-interest earning checking accounts. Deposits consist of bank interest earning checking, savings and money market accounts.

Cash Equivalents and Deposits

Cash equivalents and deposits at March 31, 2005, as shown by carrying amount and bank balance, and classified by categories of credit risk, are itemized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured – FDIC	\$ 227,099	\$ 227,099
Uninsured:		
Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging bank or its trust department or agent but not in the Township's name.)	<u>672,207</u>	<u>674,284</u>
	<u><u>\$ 899,306</u></u>	<u><u>\$ 901,387</u></u>

Investments

The Huntington National Bank Investment Pool consists of monies advanced for investment with accounts established in the Township's name within the pool. Interest earnings from the subsequent reinvestment of the pooled funds are credited to the Township on a pro-rata basis in relation to its percentage of deposits in the pool. These investments, with fair market value which approximates cost, are not categorized because participation in such funds does not result in direct ownership of individual securities, but rather shares. However, the investment of the pool is classified as Risk Level 1 because these investments are held by the Fund or its agent in the name of the fund. Balances at March 31, 2005 are as follows:

Uninsured/Uncategorized :	
Huntington National Bank:	
Pooled Investment Account	<u>\$ 112,169</u>

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Note C – General Property Taxes

Property taxes for the Township and Ottawa County become due and payable on December 1 of each year. Property taxes for school districts become due and payable on July 1 and December 1, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Township property tax revenues are recognized in the General Fund in the fiscal year levied, to the extent they are measurable and available. The 2004 property tax roll, levied December 1, 2004, represents revenue for the fiscal year ended March 31, 2005.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Ottawa County, Grand Rapids Community College, Ottawa and Kent Intermediate School Districts, Northeast Ottawa Library District, Coopersville Public Schools, Kenowa Hills Public Schools and Sparta Area Schools. Collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

The Township is permitted to levy up to 1.1 mills of general property taxes on the assessed valuation in the Township. Due to the effect of the Headlee Amendment, the actual tax levy was reduced to 1.0133 mills for 2004 general operations. The Township also levied 0.5896 mills for fire department operations and 3.6606 mills for road maintenance.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	2004	2003	2002	2001
Township taxes levied	\$ 459,970	\$ 444,336	\$ 431,146	\$ 410,173
Taxes collected:				
Current to March 1	426,593	417,731	399,986	385,278
Total to March 31, 2005	426,593	444,336	431,146	410,173
Percentages of collections:				
Current to March 1	92.74%	94.01%	92.77%	93.93%
Total to March 31, 2005	92.74%	100.00%	100.00%	100.00%

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon Taxable Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for 2004 are compared with prior years in the following summary:

Year	Real	Personal	Total
2004	\$ 80,817,565	\$ 6,315,903	\$ 87,133,468
2003	77,590,933	6,238,500	83,829,433
2002	74,212,748	6,295,843	80,508,591
2001	71,140,250	5,615,780	76,756,030
2000	66,355,353	5,790,031	72,145,384
1999	62,994,989	5,226,823	68,221,812
1998	60,808,463	5,044,500	65,852,963
1997	57,907,084	4,934,180	62,841,264

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Note D – Interfund Receivables/Payables and Transfers

Amounts due from/to other funds representing interfund receivable and payable balances at March 31, 2005 are detailed as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
2003 Special Assessment Debt Service Fund	\$ —	\$ 51,974
Sewer Enterprise Fund	10,000	—
Trust Account Agency Fund	65	—
	<hr/>	<hr/>
	10,065	51,974
2003 Special Assessment Debt Service Fund:		
General Fund	51,974	—
Sewer Enterprise Fund:		
General Fund	—	10,000
Trust Account Agency Fund:		
General Fund	—	65
	<hr/>	<hr/>
Total All Funds	<u>\$ 62,039</u>	<u>\$ 62,039</u>

The \$10,000 due from the Sewer Enterprise Fund to the General Fund is a prior year advance made to finance sewer improvements and will be repaid when the final transfer of the Sewer System to the City of Grand Rapids is complete. The \$51,974 due from the General Fund to the 2003 Special Assessment Debt Service Fund represents initial payments received on the special assessment roll of benefiting property owners that was deposited in the General Fund in error when the Comstock Street Construction Project was completed and closed. The \$65 due from the Trust Account Agency Fund to the General Fund represents cumulative interest earnings not transferred at March 31, 2005.

Transfers between funds during the year ended March 31, 2005, for debt service and cemetery care, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Debt Service Funds:		
2003 General Obligation Fund	\$ —	\$ 27,480
Permanent Fund:		
Cemetery Perpetual Care Fund	127	—
Debt Service Funds		
2003 General Obligation Fund:		
General Fund	27,480	—
Permanent Fund		
Cemetery Perpetual Care Fund:		
General Fund	—	127
	<hr/>	<hr/>
Total All Funds	<u>\$ 27,607</u>	<u>\$ 27,607</u>

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Note E – General Fixed Assets

Capital asset activity for the year ended March 31, 2005 was as follows:

	<u>Balances</u> <u>April 1, 2004</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances</u> <u>March 31, 2005</u>
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 7,275	\$ —	\$ —	\$ 7,275
Capital assets being depreciated:				
Land improvements	915,361	—	—	915,361
Buildings and improvements	186,900	—	—	186,900
Totals at historical cost	<u>1,109,536</u>	<u>\$ —</u>	<u>\$ —</u>	<u>1,109,536</u>
Less accumulated depreciation for:				
Land improvements	24,034	\$ 22,884	\$ —	46,918
Buildings and improvements	106,801	4,216	—	111,062
Total accumulated depreciation	<u>130,835</u>	<u>\$ 27,145</u>	<u>\$ —</u>	<u>157,980</u>
Net Capital Assets – Governmental Activities	<u>\$ 978,701</u>			<u>\$ 951,556</u>

Depreciation expense was charged to Township activities as follows:

General government	\$ 1,135
Public safety	3,176
Public works	<u>22,834</u>
	<u>\$ 27,145</u>

	<u>Balances</u> <u>April 1, 2004</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances</u> <u>March 31, 2005</u>
Business Activities				
Capital assets not depreciated:				
Land	\$ 10,000	\$ —	\$ —	\$ 10,000
Capital assets being depreciated:				
Sewer facilities	435,050	—	435,050	—
Totals at historical cost	<u>445,050</u>	<u>\$ —</u>	<u>\$ 435,050</u>	<u>10,000</u>
Less accumulated depreciation for:				
Sewer facilities	419,548	\$ —	\$ 419,548	—
Net Capital Assets – Governmental Activities	<u>\$ 25,502</u>			<u>\$ 10,000</u>

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Note F – Long-Term Debt

Amounts available and to be provided for long-term debt at March 31, 2005 are summarized as follows:

	Bond Issues	Drain Improvement Note	Total
Amounts Available For Retirement Of General Long-Term Debt			
Debt Service Funds	\$ 79,552	\$ —	\$ 79,552
Amounts To Be Provided For Retirement Of General Long-Term Debt			
General Fund	—	76,000	76,000
Debt Service Funds	370,448	—	370,448
Total Amounts Available and To Be Provided	\$ 450,000	\$ 76,000	\$ 526,000

Changes in long-term debt for the year ended March 31, 2005 are summarized as follows:

	Debt Outstanding April 1, 2004	Debt Added	Debt Retired	Debt Outstanding March 31, 2005
Bond Issues				
General obligation: May 1, 2002	\$ 360,000	\$ —	\$ 15,000	\$ 345,000
Special assessment: May 1, 2002	115,000	—	10,000	105,000
Drain Improvement Note September 1, 2004	—	76,000	—	76,000
Total Long-Term Debt	\$ 475,000	\$ 76,000	\$ 25,000	\$ 526,000

Long-term bonds and notes at March 31, 2005 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$380M 2002 Limited Tax Bonds: Annual maturities of 10M to 15M	Oct.. 1, 2021	4.15 – 5.25	\$ 345,000	\$ 10,000
Special Assessment Bonds				
\$130M 2002 Sewer Improvement : Annual maturities of 10M to 15M	Oct. 1, 2016	4.15 – 5.10	105,000	15,000
Drain Improvement Note				
\$76M 2004 Dayton Drain: Annual maturities of 7.6M	Nov. 1, 2014	4.57	76,000	7,600
Total			\$ 526,000	\$ 32,600

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

The Special Assessment Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded through special assessments levied against properties deemed to benefit from these public improvements. The Drain Improvement Notes will be repaid by the General Fund.

Year Ended March 31	Principal	Interest	Total
2006	\$ 32,600	\$ 23,937	\$ 56,537
2007	32,600	23,305	55,905
2008	32,600	21,921	54,521
2009	32,600	20,542	53,142
2010	32,600	19,131	51,731
2011	32,600	17,691	50,291
2012	37,600	16,097	53,697
2013	37,600	14,350	51,950
2014	37,600	12,560	50,160
2015	32,600	10,860	43,460
2016	25,000	9,256	34,256
2017	30,000	7,860	37,860
2018	25,000	6,452	31,452
2019	25,000	5,158	30,158
2020	25,000	3,851	28,851
2021	30,000	2,399	32,399
2022	25,000	802	25,802
	<u>\$ 526,000</u>	<u>\$ 215,871</u>	<u>\$ 741,871</u>

Note G – Commitments and Contingencies

Wright Township (the Township) and the City of Grand Rapids (the City) have executed a Water and Sanitary Sewer Service Agreement whereby the Township will decommission its system (lagoon closure) and will connect to the City's sanitary sewer system. Part of this agreement provides that the City will make available up to \$450,000 in loans to the Township to help finance the lagoon closure, which loans will be repaid by user fees assessed on future users of the system. The Township shall develop a Lagoon Closure Plan (the Plan) and submit the Plan to the Department of Environmental Quality (the DEQ) for approval. The Plan shall, at a minimum, include a closure schedule, a characterization of wastewater and residuals in the system, and an identification of appropriate disposal methods for the residuals. The Plan shall also identify how the discharge piping will be permanently sealed/plugged, and how the wastewater transfer and discharge structures will be demolished. Following lagoon closure, the Township shall pay to the State of Michigan an additional sum to be determined. The additional sum to be paid shall be the balance of \$300,000 after the expenses of lagoon closure have been paid. The additional sum shall be at least \$10,000, but shall be no more than \$50,000. Upon receipt of the additional sum, DEQ's claim for stipulated penalties pursuant to the Administrative Consent Order shall be satisfied. It is expected that it will be less than one year before lagoon closure is completed, and the additional sum is paid.

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

WRIGHT TOWNSHIP
General Fund
Comparative Balance Sheet
March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Deposits	\$ 689,287	\$ 728,311
Investments	112,169	130,752
Receivables:		
Taxes	31,810	25,128
Accounts	7	-
Due from other funds	10,065	10,018
Due from other governmental units	<u>36,598</u>	<u>32,051</u>
Total Assets	<u><u>\$ 879,936</u></u>	<u><u>\$ 926,260</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 1,904	\$ 4,697
Due to other funds	<u>51,974</u>	<u>51,974</u>
Total Liabilities	<u>53,878</u>	<u>56,671</u>
 Fund Balances		
Unreserved:		
Undesignated	<u>826,058</u>	<u>869,589</u>
Total Liabilities and Fund Balances	<u><u>\$ 879,936</u></u>	<u><u>\$ 926,260</u></u>

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Revenues
For the years ended March 31, 2005 and 2004

	2005	2004
Taxes:		
Current property taxes	\$ 83,716	\$ 85,254
Fire protection taxes	52,593	49,603
Road millage	326,582	308,001
Delinquent property taxes	4,945	3,133
Industrial facilities taxes	2,108	12,078
Trailer fees	131	164
Penalties and interest on taxes	1,162	1,223
Property tax administration fees	26,616	-
	<u>497,853</u>	<u>459,456</u>
Licenses and permits:		
Cable television fees	266	555
Liquor license fees	-	805
Building, mechanical and electrical permits	19,945	14,420
Site plan reviews	725	45
Soil erosion fees	1,000	1,000
Land division applications	450	675
Special use permits	-	200
	<u>22,386</u>	<u>17,700</u>
State sources:		
Sales taxes	247,813	252,028
Other State shared revenue	4,287	1,217
	<u>252,100</u>	<u>253,245</u>
Charges for services:		
Planning commission fees	1,000	-
Board of appeals fees	600	600
Summer tax collection fees	5,009	4,968
Sale of cemetery lots	600	1,000
Sale of printed materials	85	335
	<u>7,294</u>	<u>6,903</u>
Fines and forfeitures:		
Ordinance fines	2,452	70
Interest and rentals:		
Interest on deposits and investments	16,180	5,674
Other revenue:		
Sewer expense reimbursement	-	1,507
Grant revenue	5,000	-
Refunds of expenditures	339	1,982
	<u>5,339</u>	<u>3,489</u>
Total Revenues	<u><u>\$ 803,604</u></u>	<u><u>\$ 746,537</u></u>

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Current:		
General government:		
Township board:		
Salaries	\$ 2,055	\$ 3,335
Mileage	41	33
Education and training	100	-
Miscellaneous	-	6
	<u>2,196</u>	<u>3,374</u>
Supervisor:		
Salary	16,500	16,500
Supplies	64	87
Mileage	377	847
Education and training	275	472
Dues and memberships	-	100
Miscellaneous	302	7
	<u>17,518</u>	<u>18,013</u>
Elections:		
Salaries	2,908	-
Office supplies	86	144
Contracted services	876	-
Mileage	379	-
Education and training	230	-
Miscellaneous	462	-
	<u>4,941</u>	<u>144</u>
Assessor:		
Salary	14,378	14,277
Office supplies	30	55
Contracted services	4,631	1,325
Dues and memberships	20	20
	<u>19,059</u>	<u>15,677</u>
Legal and audit:		
Legal fees	15,565	12,876
Audit fees	8,800	10,430
	<u>24,365</u>	<u>23,306</u>
Clerk:		
Salaries:		
Clerk	15,000	15,090
Deputy	1,508	1,162
Office supplies	592	87
Mileage	293	122
Education and training	326	477
Dues and memberships	80	40
Miscellaneous	262	-
	<u>18,061</u>	<u>16,978</u>
Board of review:		
Salaries	610	540
Printing and publishing	-	197
	<u>610</u>	<u>737</u>

(Continued)

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2005 and 2004

	2005	2004
General administration:		
Clerical salary	\$ 4,278	\$ 3,606
Office supplies	4,262	3,514
Equipment repair and maintenance	4,342	3,951
Office cleaning	1,234	1,301
Mileage	219	396
Printing and publishing	821	5,256
Dues and memberships	1,789	1,789
Other	585	655
Furniture and equipment	-	1,625
	<u>17,530</u>	<u>22,093</u>
Treasurer:		
Salaries:		
Treasurer	15,000	15,000
Deputy	806	820
Office supplies	1,097	1,973
Property tax administration system	1,757	4,652
Mileage	364	593
Education and training	65	165
Dues and memberships	165	55
Miscellaneous	467	174
	<u>19,721</u>	<u>23,432</u>
Buildings and grounds:		
Maintenance supplies	309	291
Contracted services	2,628	2,362
Telephone	1,259	2,476
Utilities	6,495	5,832
Building maintenance	6,429	754
Building improvements	-	5,300
	<u>17,120</u>	<u>17,015</u>
Cemetery:		
Grounds maintenance	4,975	8,677
	<u>146,096</u>	<u>149,446</u>
Total general government		
Public safety:		
Fire protection:		
Fire board salaries	280	240
Contributions to Tallmadge Township	65,000	72,100
Fire millage payment to Tallmadge Township	51,411	51,503
Telephone	408	344
	<u>117,099</u>	<u>124,187</u>
Inspections:		
Contracted inspection services	19,945	14,366
Planning and zoning:		
Planning commission fees	2,610	3,742
Zoning board of appeals	560	940
Contracted services	4,101	2,926
Office supplies	-	5,272

(Continued)

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2005 and 2004

	2005	2004
Planning and zoning: (Continued)		
Travel and expenses	\$ -	\$ 5
Printing and publishing	-	931
Miscellaneous	-	26
	<u>7,271</u>	<u>13,842</u>
Total public safety	<u>144,315</u>	<u>152,395</u>
Public works:		
Drains:		
Drain maintenance	181,409	6,457
Highways, streets and bridges:		
Road construction	358,116	267,469
Dust layer	33,400	34,086
	<u>391,516</u>	<u>301,555</u>
Street lighting:		
Utilities	5,434	5,379
Sewer:		
Salaries	350	1,050
Engineering fees	819	466
Urban cooperation board	1,232	1,232
	<u>2,401</u>	<u>2,748</u>
Total public works	<u>580,760</u>	<u>316,139</u>
Recreation and cultural:		
Parks and recreation:		
Cole Park	3,165	-
Other township:		
Social Security taxes	5,835	5,963
Contracted services	3,896	1,775
Community service contribution	434	3,001
Insurance and bonds	11,281	10,244
Property tax refunds	-	196
Total other township	<u>21,446</u>	<u>21,179</u>
Total Expenditures	<u><u>\$ 895,782</u></u>	<u><u>\$ 639,159</u></u>

NONMAJOR GOVERNMENTAL FUNDS

WRIGHT TOWNSHIP
Combining Balance Sheet - Nonmajor Governmental Funds
March 31, 2005

	<u>Debt Service General Obligation</u>	<u>Permanent Cemetery Perpetual Care</u>	<u>Total</u>
Assets			
Deposits (Note B)	\$ -	\$ 11,662	\$ 11,662
Liabilities and Fund Balances			
Liabilities	\$ -	\$ -	\$ -
Fund Balances			
Unreserved:			
Undesignated, reported in:			
Permanent fund	-	11,662	11,662
Total Liabilities and Fund Balances	\$ -	\$ 11,662	\$ 11,662

WRIGHT TOWNSHIP
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended March 31, 2005

	Debt Service General Obligation	Permanent Cemetery Perpetual Care	Total
Revenues			
Charges for services	\$ -	\$ 600	\$ 600
Interest and rentals	-	141	141
Total Revenues	-	741	741
Expenditures			
Debt service:			
Principal repayment	15,000	-	15,000
Interest and fiscal charges	12,480	-	12,480
Total Expenditures	27,480	-	27,480
Excess (Deficiency) of Revenues Over Expenditures	(27,480)	741	(26,739)
Other Financing Sources (Uses)			
Transfers in	27,480	-	27,480
Transfers out	-	(127)	(127)
Total Other Financing Sources (Uses)	27,480	(127)	27,353
Net Change In Fund Balances	-	614	614
Fund Balances, Beginning of Year	-	11,048	11,048
Fund Balances, End of Year	\$ -	\$ 11,662	\$ 11,662

DEBT SERVICE FUNDS

To account for the payment of bonds sold to finance street and sewer construction projects. Financing is provided by General Fund contributions, special assessments, interest on special assessments, and interest earnings.

WRIGHT TOWNSHIP
Debt Service Funds
Combining Balance Sheet
March 31, 2005
With comparative totals for March 31, 2004

	General Obligation	Special Assessment	Totals	
			2005	2004
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 707
Deposits	-	27,578	27,578	-
Special assessments receivable	-	47,614	47,614	84,983
Due from other funds	-	51,974	51,974	51,974
Total Assets	<u>\$ -</u>	<u>\$ 127,166</u>	<u>\$ 127,166</u>	<u>\$ 137,664</u>
Liabilities and Fund Balances				
Liabilities				
Deferred revenue	<u>\$ -</u>	<u>\$ 47,614</u>	<u>\$ 47,614</u>	<u>\$ 84,983</u>
Fund Balances				
Reserved for debt service	<u>-</u>	<u>79,552</u>	<u>79,552</u>	<u>52,681</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 127,166</u>	<u>\$ 127,166</u>	<u>\$ 137,664</u>

WRIGHT TOWNSHIP
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended March 31, 2005
With comparative totals for the year ended March 31, 2004

	General Obligation	Special Assessment	Totals	
			2005	2004
Revenues				
Interest and rentals:				
Interest on deposits	\$ -	\$ 163	\$ 163	\$ -
Interest on special assessments	-	4,509	4,509	5,522
	-	4,672	4,672	5,522
Other revenue:				
Special assessments	-	37,369	37,369	8,636
Total Revenues	-	42,041	42,041	14,158
Expenditures				
Debt service:				
Principal repayment	15,000	10,000	25,000	20,000
Interest and fiscal charges	12,480	5,170	17,650	23,230
Total Expenditures	27,480	15,170	42,650	43,230
Excess (Deficiency) of Revenues Over Expenditures	(27,480)	26,871	(609)	(29,072)
Other Financing Sources				
Transfers in	27,480	-	27,480	26,711
Net Change In Fund Balances		26,871	26,871	(2,361)
Fund Balances, April 1		52,681	52,681	55,042
Fund Balances, March 31	\$ -	\$ 79,552	\$ 79,552	\$ 52,681

ENTERPRISE FUND

Sewer Enterprise - to account for the provision of sewer services to the residents of the Township. Activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, maintenance, administration and billing and collection.

**WRIGHT TOWNSHIP
Sewer Enterprise Fund
Comparative Balance Sheet
March 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Assets		
Current Assets		
Cash	\$ -	\$ 43,581
Deposits	164,960	119,017
Accounts receivable	-	63,775
Due from property tax roll	-	2,689
Total Current Assets	<u>164,960</u>	<u>229,062</u>
Capital Assets		
Land	10,000	10,000
Sewer system	-	435,050
Total Capital Assets	10,000	445,050
Less accumulated depreciation	-	(419,548)
Net Capital Assets	<u>10,000</u>	<u>25,502</u>
Total Assets	<u><u>\$ 174,960</u></u>	<u><u>\$ 254,564</u></u>
Liabilities and Fund Equity		
Liabilities		
Current liabilities (payable from current assets):		
Accounts payable	\$ -	\$ 12,251
Due to other funds	10,000	10,000
Due to other governmental units	-	45,944
Total Liabilities	<u>10,000</u>	<u>68,195</u>
Fund Equity		
Retained earnings:		
Unreserved	164,960	186,369
Total Liabilities and Fund Equity	<u><u>\$ 174,960</u></u>	<u><u>\$ 254,564</u></u>

WRIGHT TOWNSHIP
Sewer Enterprise Fund
Comparative Schedule of Revenues, Expenses and Changes in Retained Earnings
For the years ended March 31, 2005 and 2004

	2005	2004
Operating Revenues		
Charges for services:		
Sewer usage charges	\$ -	\$ 68,527
Permits and inspections	-	400
Penalties	-	1,263
Total Operating Revenues	-	70,190
Operating Expenses		
Salaries	-	1,400
Social Security taxes	-	107
Office supplies	46	282
Utilities	70	1,892
Depreciation	-	11,986
Total Operating Expenses	116	15,667
Operating Income (Loss)	(116)	54,523
Nonoperating Revenues (Expenses)		
Interest earnings	1,542	597
Reimbursement of expenses	217,958	81,862
Legal fees	-	(5,165)
Engineering fees	(41,456)	(53,750)
System repair and maintenance	(183,835)	(24,497)
Loss on disposal of capital assets	(15,502)	-
Total Nonoperating Revenues (Expenses)	(21,293)	(953)
Net Loss	(21,409)	(53,570)
Retained Earnings, April 1	186,369	132,799
Retained Earnings, March 31	<u>\$ 164,960</u>	<u>\$ 186,369</u>

WRIGHT TOWNSHIP
Sewer Enterprise Fund
Comparative Schedule of Cash Flows
For the years ended March 31, 2005 and 2004

	2005	2004
Cash Flows From Operating Activities		
Receipts from customers	\$ 7,636	\$ 91,720
Payments to suppliers	(116)	(80,353)
Payments to employees	-	(1,507)
Net Cash Provided By Operating Activities	<u>7,520</u>	<u>9,860</u>
Cash Flows From Capital and Related Financing Activities		
Reimbursement of expenses	230,842	69,611
Engineering fees	(53,707)	(52,500)
System repair and maintenance	(183,835)	-
Principal repayment	-	(29,000)
Interest paid	-	(315)
Net Cash Provided By Capital and Related Financing Activities	<u>(6,700)</u>	<u>(12,204)</u>
Cash Flows From Investing Activities		
Interest received	<u>1,542</u>	<u>597</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(2,362)	(1,747)
Cash and Cash Equivalents, beginning of year	<u>162,598</u>	<u>164,345</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 164,960</u></u>	<u><u>\$ 162,598</u></u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities		
Operating loss	<u>\$ (116)</u>	<u>\$ (28,889)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	-	11,986
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	63,142	(24,140)
(Increase) decrease in due from property tax roll	2,689	(274)
Increase (decrease) in accounts payable	(12,251)	5,233
Increase (decrease) in due to other governmental units	<u>(45,944)</u>	<u>45,944</u>
Total adjustments	<u>7,636</u>	<u>38,749</u>
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ 7,520</u></u>	<u><u>\$ 9,860</u></u>

PERMANENT FUND

Cemetery Perpetual Care—to accumulate cemetery revenues and interest earnings to be used for cemetery improvements.

WRIGHT TOWNSHIP
Cemetery Perpetual Care Fund
Comparative Balance Sheet
March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Deposits	<u>\$ 11,662</u>	<u>\$ 11,048</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balances		
Unreserved:		
Undesignated	<u>11,662</u>	<u>11,048</u>
Total Liabilities and Fund Balances	<u>\$ 11,662</u>	<u>\$ 11,048</u>

WRIGHT TOWNSHIP
Cemetery Perpetual Care Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Charges for services:		
Sale of cemetery lots	\$ 600	\$ 1,000
Interest and rentals:		
Interest on investments	<u>141</u>	<u>155</u>
	<u>741</u>	<u>1,155</u>
Expenditures		
Land improvements	<u>-</u>	<u>3,375</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>741</u>	<u>(2,220)</u>
Other Financing Sources (Uses)		
Transfers out	<u>(127)</u>	<u>(183)</u>
Net Change in Fund Balances	614	(2,403)
Fund Balances, April 1	<u>11,048</u>	<u>13,451</u>
Fund Balances, March 31	<u><u>\$ 11,662</u></u>	<u><u>\$ 11,048</u></u>

AGENCY FUNDS

Trust Account Agency — to account for the collection of bonds and deposits and payment to the governmental units or other persons entitled to receive these funds.

Tax Account Agency — to account for the collection of current and delinquent property taxes and payment to the governmental units or other persons entitled to receive these funds.

WRIGHT TOWNSHIP
All Agency Funds
Combining Schedule of Changes in Assets and Liabilities - All Agency Funds
For the year ended March 31, 2005

	Balances April 1, 2004	Additions	Deductions	Balances March 31, 2005
Trust Account Fund				
Assets				
Deposits	\$ 13,949	\$ 14,597	\$ 22,829	\$ 5,717
Liabilities				
Escrow deposits	\$ 13,931	\$ 11,888	\$ 20,167	\$ 5,652
Due to other funds	18	555	508	65
Due to other governmental units	-	2,154	2,154	-
Total Liabilities	\$ 13,949	\$ 14,597	\$ 22,829	\$ 5,717
Tax Account Fund				
Assets				
Deposits	\$ 8,393	\$ 2,729,164	\$ 2,737,455	\$ 102
Liabilities				
Accounts payable	\$ -	\$ 10,379	\$ 10,379	\$ -
Due to other funds	-	475,537	475,537	-
Due to other governmental units	8,393	2,243,248	2,251,539	102
Total Liabilities	\$ 8,393	\$ 2,729,164	\$ 2,737,455	\$ 102
Totals - All Agency Funds				
Assets				
Deposits	\$ 22,342	\$ 2,743,761	\$ 2,760,284	\$ 5,819
Liabilities				
Accounts payable	\$ -	\$ 10,379	\$ 10,379	\$ -
Escrow deposits	13,931	11,888	20,167	5,652
Due to other funds	18	476,092	476,045	65
Due to other governmental units	8,393	2,245,402	2,253,693	102
Total Liabilities	\$ 22,342	\$ 2,743,761	\$ 2,760,284	\$ 5,819

OTHER INFORMATION

WRIGHT TOWNSHIP
Summary of 2004 Taxes Levied and Collected
For the year ended March 31, 2005

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<u>Ad Valorem Taxes</u>					
Ottawa County					
Operating	\$87,133,468	4.2592	\$ 372,211	\$ 27,009	\$ 345,202
Northeast Ottawa Library District	87,133,468	0.5881	51,387	3,729	47,658
State Education Tax					
Coopersville Public Schools	59,163,637	6.0000	355,160	13,285	341,875
Kenowa Hills Public Schools	26,344,191	6.0000	159,444	6,484	152,960
Sparta Area Schools	1,625,640	6.0000	9,754	-	9,754
Total State Education Tax			524,358	19,769	504,589
School Districts					
Kent Intermediate School District	27,969,831	4.5332	127,836	4,899	122,937
Ottawa Intermediate School District	59,163,637	4.2305	249,745	19,075	230,670
Grand Rapids Community College	27,969,831	1.7865	50,376	1,931	48,445
Coopersville Public Schools:					
Other	59,163,637	8.1500	482,425	36,847	445,578
Operating	5,442,456	18.0000	104,893	9,213	95,680
Kenowa Hills Public Schools:					
Other	26,344,191	3.6000	95,665	3,890	91,775
Operating	10,829,966	18.0000	202,068	11,575	190,493
Sparta Area Schools:					
Other	1,625,640	7.2252	11,745	-	11,745
Operating	142,500	17.7084	3,730	-	3,730
Total School Districts			1,328,483	87,430	1,241,053
Wright Township	87,133,468				
Operating		1.0133	88,547	6,425	82,122
Fire protection		0.5896	51,518	3,738	47,780
Roads		3.6606	319,905	23,214	296,691
Delinquent sewer usage			3,863	803	3,060
Administration fees			27,368	1,713	25,655
Total Township			491,201	35,893	455,308
Total Ad Valorem Taxes			<u>\$ 2,767,640</u>	<u>\$ 173,830</u>	<u>\$ 2,593,810</u>

(Continued)

WRIGHT TOWNSHIP
Summary of 2004 Taxes Levied and Collected
For the year ended March 31, 2005

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<u>Tax Abatements</u>					
Industrial Facilities (P.A. 198) New					
Ottawa County	\$ 3,865,000	2.12960	\$ 8,231	\$ -	\$ 8,231
Ottawa District Library	3,865,000	0.29405	1,136	-	1,136
State Education Tax					
Coopersville Public Schools	1,075,800	6.00000	6,455	-	6,455
Kenowa Hills Public Schools	2,789,200	6.00000	16,735	-	16,735
Kent Intermediate School District	2,789,200	2.26660	6,322	-	6,322
Ottawa Intermediate School District	1,075,800	2.11525	2,270	-	2,270
Grand Rapids Community College	2,789,200	0.89325	2,491	-	2,491
Coopersville Public Schools					
Operating	1,075,800	4.07500	4,384	-	4,384
Other	1,075,800	9.00000	9,682	-	9,682
Kenowa Hills Public Schools					
Operating	2,789,200	1.80000	5,021	-	5,021
Other	2,789,200	9.00000	25,103	-	25,103
Wright Township	3,865,000				
Operating		0.50664	1,958	-	1,958
Fire protection		0.29478	1,139	-	1,139
Roads		1.83029	7,074	-	7,074
Administration fees			980	-	980
Total Industrial Facilities (P.A. 198) NEW			<u>\$ 98,981</u>	<u>\$ -</u>	<u>\$ 98,981</u>

Hungerford, Aldrin,
Nichols & Carter, P.C.

C P A s A N D C O N S U L T A N T S

June 21, 2005

The Township Board
Wright Township
Kent County, Michigan

The following comments pertain to our audit of the financial records of Wright Township as of and for the year ended March 31, 2005. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this Statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Wright Township.

Auditors Responsibility Under Generally Accepted Auditing Standards

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

Significant Accounting Policies

The elected officials and management of Wright Township have the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter will advise the Township elected officials and management about the appropriateness of accounting policies and their application. The significant accounting policies used by Wright Township are described in Note A of the Notes to Basic Financial Statements in the Comprehensive Annual Financial Report. As described in Note A, Wright Township changed accounting policies related to financial reporting by adopting GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments in fiscal year 2004-05*.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in performing our audit of the financial records of Wright Township. We found that the internal control structure and accounting system was adequate and operating in the manner intended. The audit field work and preparation of the Comprehensive Annual Financial Report took longer than usual due to the expanded requirements of Governmental Standards Board Statement No. 34, mainly for the establishment of the Township initial capital asset and depreciation schedules.

Significant Audit Adjustments

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements.

General Fund

1. \$25,128 and \$31,810 to reverse and accrue prior and current year taxes receivable.
2. \$96,664 to adjust the Township’s various bank accounts to their correct year end balances.
3. \$4,697 and \$1,904 to reverse and accrue prior and current year end accounts payable.
4. \$5,000 to record the Cole Park Grant transactions.
5. \$32,051 and \$36,598 to reverse and accrue final state revenue sharing payments receivable at year end.

Special Assessment Debt Service Fund

1. \$37,369 to classify current year collections on the special assessment roll to revenue for 2004-05.

Sewer Enterprise Fund

1. \$66,464 to classify final sewer and tax roll billings and collections to the correct accounts.
2. \$12,251 to reverse prior year accounts payable for engineering fees.
3. \$16,526 and \$18,803 to reverse and accrue prior and current year end accounts payable.

Passed Audit Adjustments

There were no adjustments proposed during the audit that were not recorded by Wright Township.

Suggestions And Recommendations

We offered suggestions and recommendations of a minor nature regarding the day-to-day operations of the accounting system to the Township Clerk and Treasurer as the topics arose during the course of our audit field work. Hopefully, these suggestions will ease the day-to-day operations of the Township's business office and assist in more efficient monthly and year end financial record keeping and reporting.

* * * * *

This communication is intended solely for the information and use of the Township Board, officers, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Wright Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of Wright Township Clerk and Treasurer in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

Hungerford, Allison, Michael & Carter, P.C.

Certified Public Accountants